



OFFICE OF MANAGEMENT AND BUDGET

FAIRFAX COUNTY ECONOMIC INDICATORS ©

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DECEMBER HIGHLIGHTS

- ❑ Strong local job growth continues to put downward pressure on the County's unemployment rate which fell to 2.1 percent in October, according to data reported by the Virginia Employment Commission.
- ❑ Once again, retail performance in the County surpassed that of the prior year by a substantial margin, as indicated by the County's December sales tax receipts (October retail purchases). As a result, sales tax receipts to date top that of FY 1997 by 7.1 percent. Retail performance on the national level was moderate in October, with retail sales exceeding the prior year by 3.2 percent.
- ❑ In November, County issues of residential dwelling permits posted an advance relative to last year. This is only the second time all year that residential dwelling permit issues have surpassed the prior year. Issues of residential building permits through November on the national level are a slight 0.6 percent above that of 1996.
- ❑ Consistent with past months, issues of nonresidential building permits by the County were up in November, thereby sustaining the lead over 1996 established earlier in the year.
- ❑ The volume of existing homes sold in the County through October continues to exceed that of 1996 by significant margins, while the new home segment has weakened further.
- ❑ Consumer confidence in the South Atlantic faltered again in November, while the national Consumer Confidence Index registered an advance.
- ❑ The Fairfax County Coincident Index slipped in October, while the County Leading Index posted another advance and recovered the loss sustained during the summer.

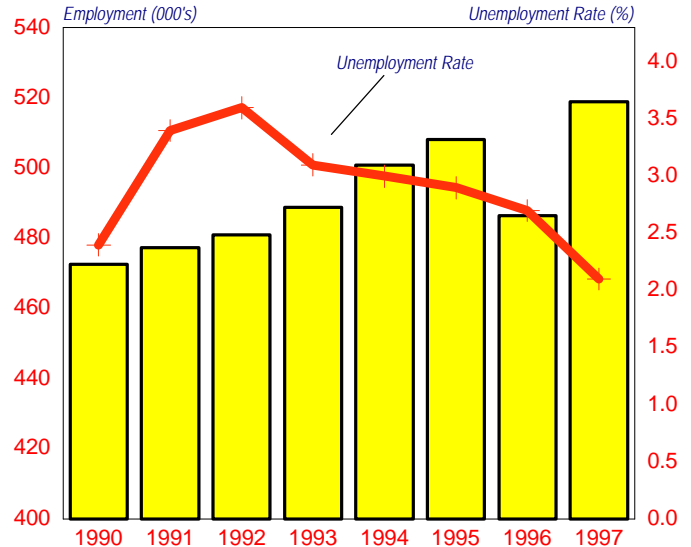
The *Fairfax County Economic Indicators* is now on the Web and can be accessed at:

<http://www.co.fairfax.va.us/comm/economic/economic.htm>

If the web versions are sufficient for your needs, please contact Marijke Hannam at (703) 324-4518 to be taken off the monthly mailing list.



RESIDENTIAL EMPLOYMENT - OCTOBER



Source: Virginia Employment Commission
Compiled by the Fairfax County Office of Management and Budget

Local unemployment remains low...

In October, the County's unemployment rate dropped 0.3 percentage points to 2.1 percent, according to the Virginia Employment

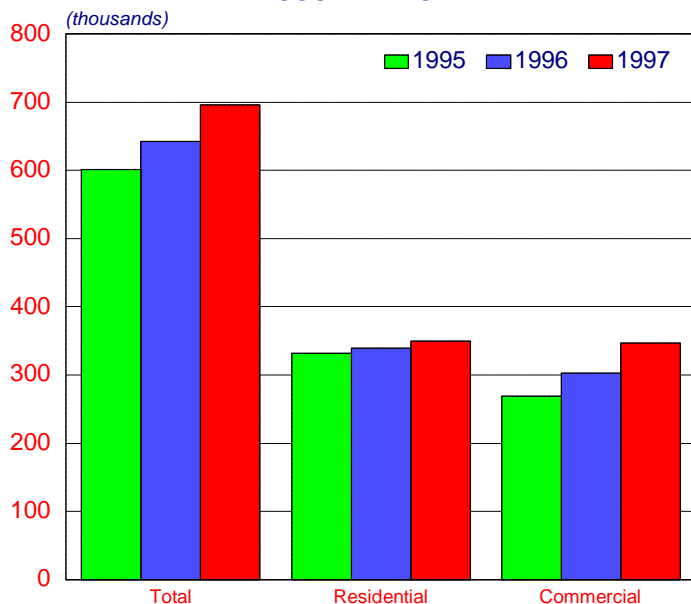
Commission (VEC). Consistent with recent months, October's rate is significantly below that of one year ago, when the unemployment rate was 2.7 percent. The VEC also reported that 518,909 Fairfax County residents were employed in October, up 6.7 percent, or 32,454 jobs, over the prior year.



Unemployment figures improve on State and national levels in October...

The Commonwealth's unemployment rate declined significantly in October, shaving off 0.6 percentage points to 3.5 percent. The national unemployment rate was also reduced in October, albeit a more moderate 0.2 percentage point dip to 4.7 percent.

BELL ATLANTIC TELEPHONE LINES FAIRFAX COUNTY - NOVEMBER



Source: Bell Atlantic
Compiled by the Fairfax County Office of Management and Budget

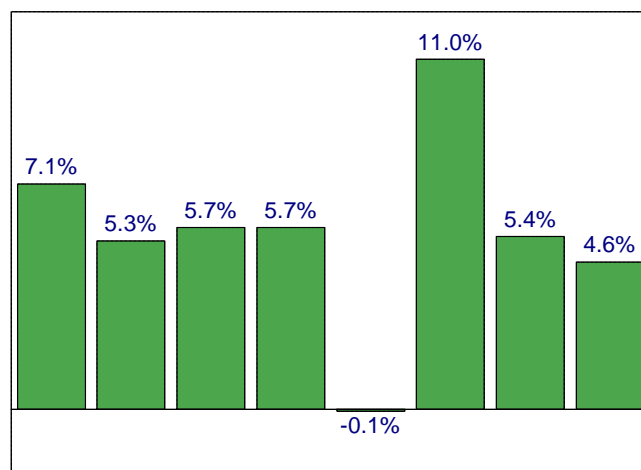
Local businesses continue to add telephone lines...

As of November 30, Bell Atlantic, the primary provider of local telephone service in Fairfax County, maintained 696,074 telephone lines, up 8.3 percent, or 53,594 lines, over November 1996. Again, the majority of this growth is attributable to the business sector which added 43,476 lines in the past twelve months. In November, 346,656 business telephone lines were registered in Fairfax County, up 14.3 percent over last year. Residential telephone lines totaled 349,418 in November, 3.0 percent, or 10,118 more lines than November 1996.

Consistent with recent months, the County's Sales Tax receipts in December surpassed that of one year ago...

As has been the case for the last couple months, Fairfax County's December sales tax receipts, representing retail purchases made in October, surpassed that of the prior year by a significant margin. October's lead was 13.9 percent. Consequently, fiscal year sales tax receipts to date total \$42.9 million, an increase of 7.1 percent over FY 1997.

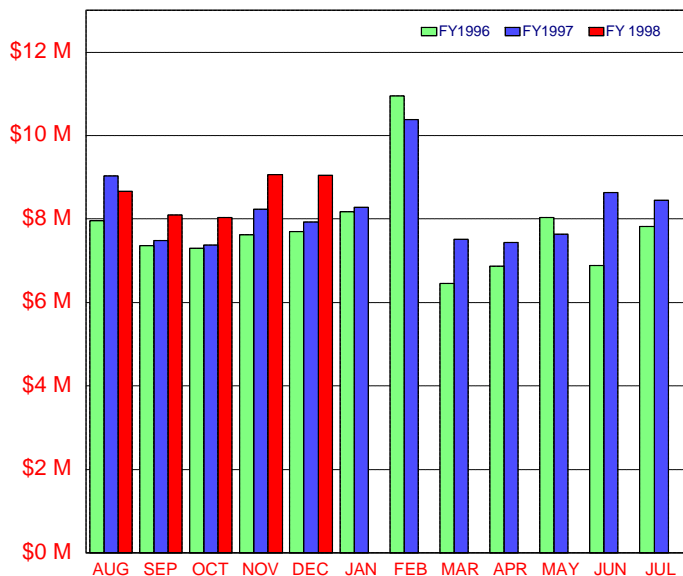
FY 1998 SALES TAX RECEIPTS - THROUGH DECEMBER



Source: Virginia Department of Taxation
Compiled by the Fairfax County Office of Management and Budget

SALES TAX REVENUES

(revenues represent retail sales two months prior)



Source: Virginia Department of Taxation
Compiled by the Fairfax County Office of Management and Budget

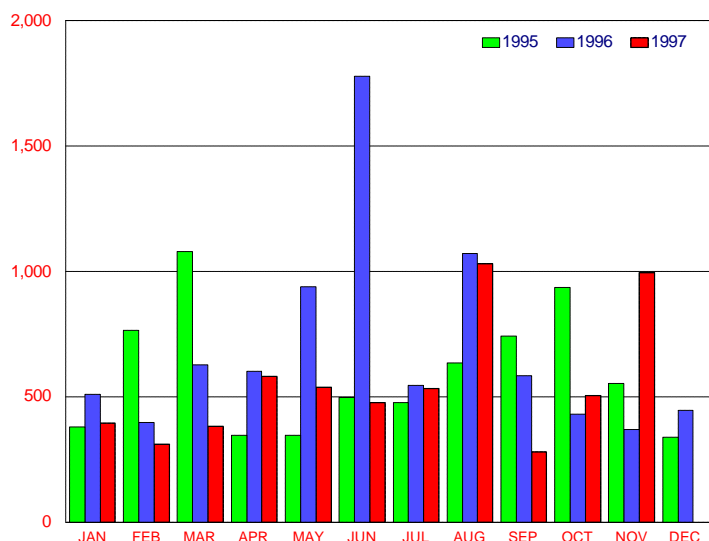
Retail performance in October varied throughout Northern Virginia...

As indicated by December sales tax receipts, October retail performance varied considerably throughout Northern Virginia. Fairfax City, for example, registered a gain of 39.6 percent, while Falls Church's sales tax receipts trailed that of last year by 2.9 percent. Through December, FY 1998 sales tax receipts are up 11.0 percent in Loudoun, 5.7 percent in Arlington and in Fairfax City, 5.4 percent in Prince William, and 5.3 percent in Alexandria. Cumulative fiscal year sales tax receipts in Falls Church now trail FY 1997 by 0.5 percent. The Commonwealth experienced a 5.8 percent increase in total sales tax receipts in December, thereby extending the lead relative to FY 1997 to 4.6 percent.

National retail sales up slightly in October...

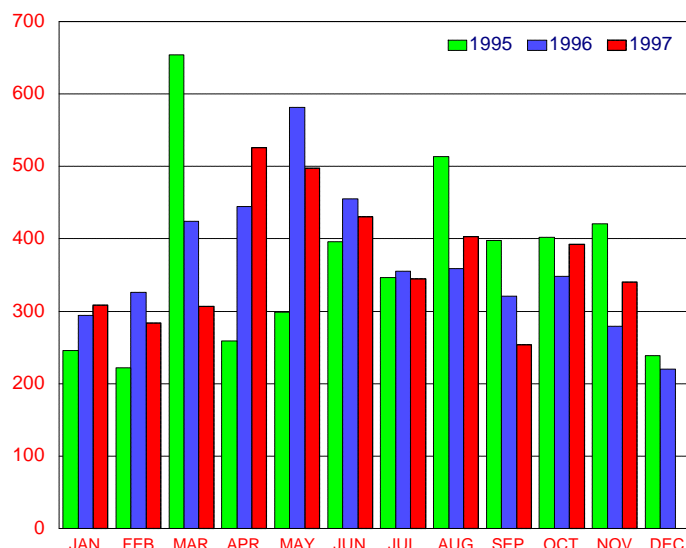
October retail sales on the national level, according to the Commerce Department, advanced 3.2 percent over October 1996. More specifically, durable goods sales posted a 2.9 percent gain, while nondurable goods sales topped the prior year by 3.5 percent.

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW DWELLINGS



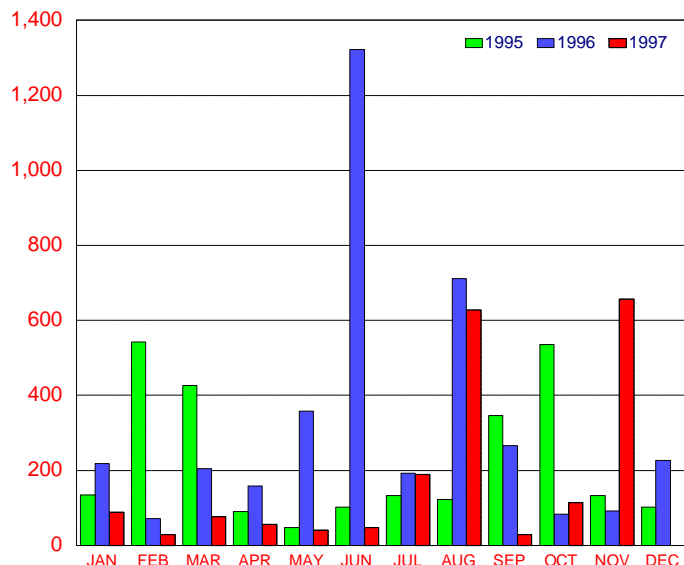
Source: Department of Environmental Management
Compiled by the Fairfax County Office of Management and Budget

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW SINGLE FAMILY DWELLINGS



Source: Department of Environmental Management
Compiled by the Fairfax County Office of Management and Budget

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW MULTIFAMILY DWELLING



Source: Department of Environmental Management
Compiled by the Fairfax County Office of Management and Budget

a lag of 32.8 percent through last month. To date, 6,037 residential dwelling permits have been issued by the County. Permit issues for multifamily structures total 1,950 through November, down 47.0 percent, or 1,728 permits. To date, 4,087 permits have been issued for single family structures, down a more modest 2.4 percent, or 101 permits, from 1996.

Residential repair and alteration permit issues resume their negative trend in November...

In November, residential repair and alteration permit issues resumed their negative trend. As a result, the 13,413 residential repair permits that have been issued through November trail that of 1996 by 3.3 percent, or 461 permits.

National housing starts up just over 1.0 percent through November...

New privately owned housing starts on the national level continue to be down to date, but the deficit has narrowed over the last few months. Through November, housing starts trail the previous year by 1.1 percent, according to the Commerce Department. Only the Northeast and the South, however, are experiencing gains relative 1996, increasing 4.2 percent and 1.1 percent, respectively. To date, deficits of 7.1 percent and 1.6 percent have been established in the Midwest and the West, respectively.

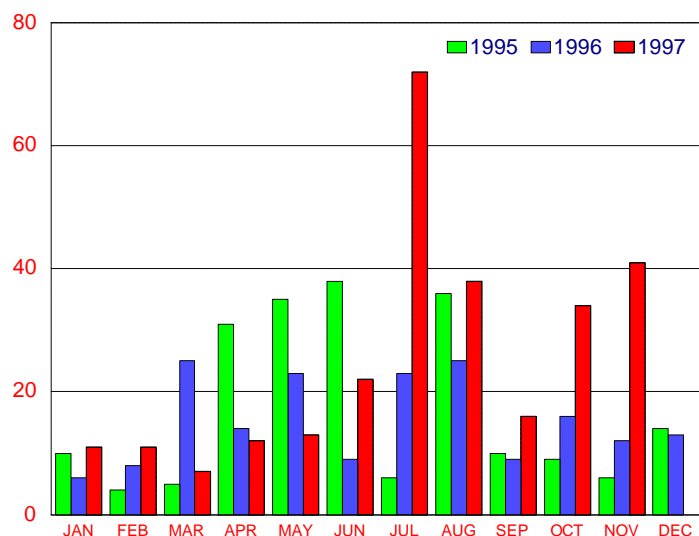
Issues of residential building permits nationwide barely above that of 1996...

The Commerce Department also reported that the number of residential building permits issued nationwide through November leads that of 1996 by 0.6 percent. For the first eleven months of 1997, residential building permits issues are up 3.5 percent in the West, 2.7 percent in the South, and 2.3 percent in the Northeast. By contrast, issues of residential building permits in the Midwest are down 7.3 percent to date.

Issues of residential dwelling permits outpace prior year for second time...

For the second consecutive month, and only the second time this year, issues of new residential dwelling permits surpassed that of one year ago in November. November's significant increase of 905 permits caused the cumulative deficit relative to last year to narrow to 20.4 percent, or 1,550 permits, compared to

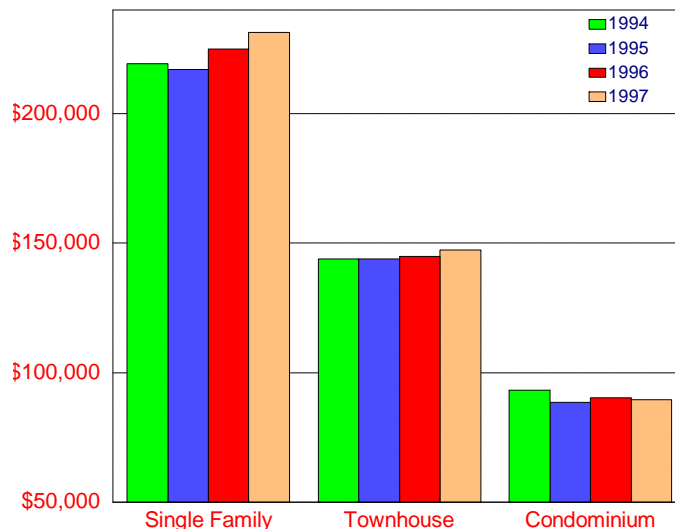
NUMBER OF NONRESIDENTIAL BUILDING PERMITS NEW STRUCTURES



Source: Department of Environmental Management
Compiled by the Fairfax County Office of Management and Budget

HOME SALES IN FAIRFAX COUNTY

MEDIAN PRICE OF EXISTING HOMES SOLD JANUARY - OCTOBER 1997 COMPARED TO ANNUAL MEDIAN PRICES 1994 - 1996



Source: Department of Tax Administration
Compiled by the Fairfax County Office of Management and Budget

Nonresidential building continues in the County...

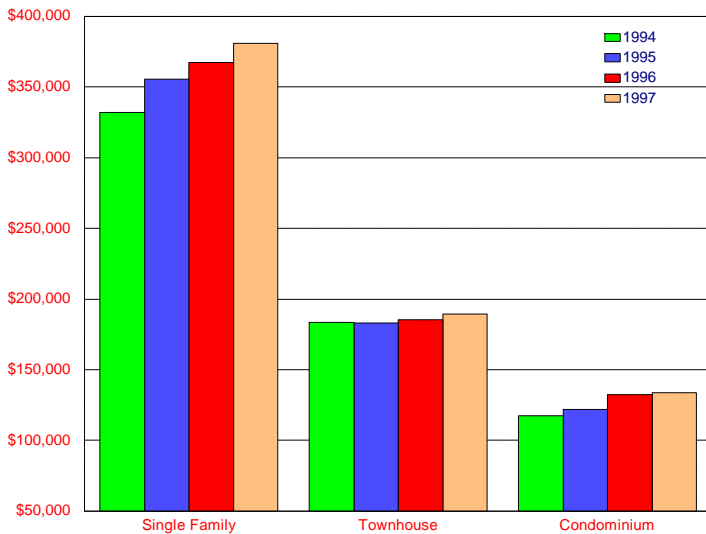
For the sixth consecutive month, a significant increase in the number of nonresidential building permits issued was posted in November. As a result, issues to date top that of last year by 62.9 percent, or 107 permits. To date, 277 nonresidential building permits have been issued. In November, issues of nonresidential repair and alteration permits regained some of the losses registered in previous months. As a result, the 4,205 nonresidential repair and alteration permits issued through November lead the prior year by 16.5 percent, or 595 permits.

Sales data through October indicate price increases for existing single family homes and townhomes...

Based on sales data through October, the median selling prices of single family homes and existing townhomes in the County have increased, while that of existing condominiums has declined. More specifically, the median selling price of existing single family homes through October is \$231,500, up 2.9 percent from 1996's \$225,000. Similarly, a median selling price of \$147,425 has been established for existing townhomes thus far in 1997, up 1.7 percent over the \$145,000 registered in 1996. By contrast, existing condominium sales through October indicate a 0.8 percent decline in the median selling price to \$89,500 from \$90,243 in 1996.

Please note that staff verifies that each real estate transaction is an arms-length sale. In doing so, these data may be revised in the coming months.

**MEDIAN PRICE OF NEW HOMES SOLD
JANUARY - OCTOBER 1997 COMPARED TO
ANNUAL MEDIAN PRICES 1994 - 1996**

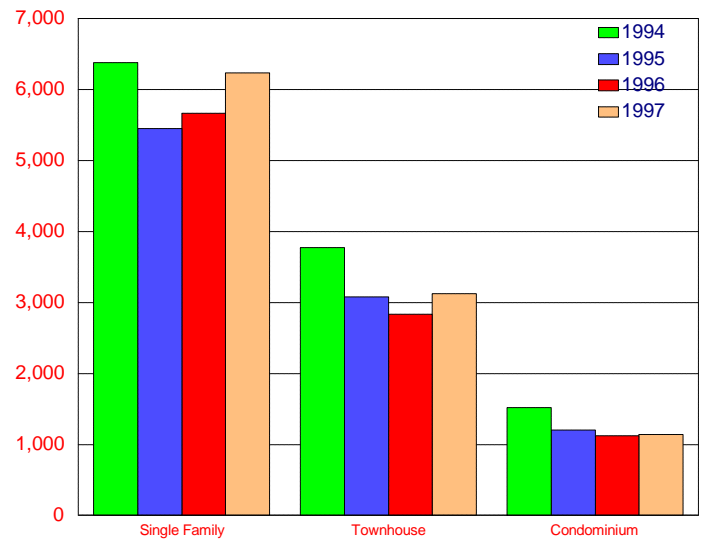


Source: Department of Tax Administration
Compiled by the Fairfax County Office of Management and Budget

*New homes
selling at higher
prices also...*

Sales data through October indicate increases in the median selling prices of new homes in the County. To date, the median selling price of new single family homes has increased 3.8 percent to \$381,045 from the \$367,225 registered in 1996. New townhomes have sold for a median price of \$189,450 through October, up 2.2 percent from the \$185,400 established in 1996. New condominiums have sold for a median price of \$133,835 in 1997, an increase of 1.3 percent over the \$132,185 registered in 1996.

**NUMBER OF EXISTING HOMES SOLD
JANUARY - OCTOBER 1994 - 1997**



Source: Department of Tax Administration
Compiled by the Fairfax County Office of Management and Budget

*The volume of existing
home sales sustains
lead relative to 1996...*

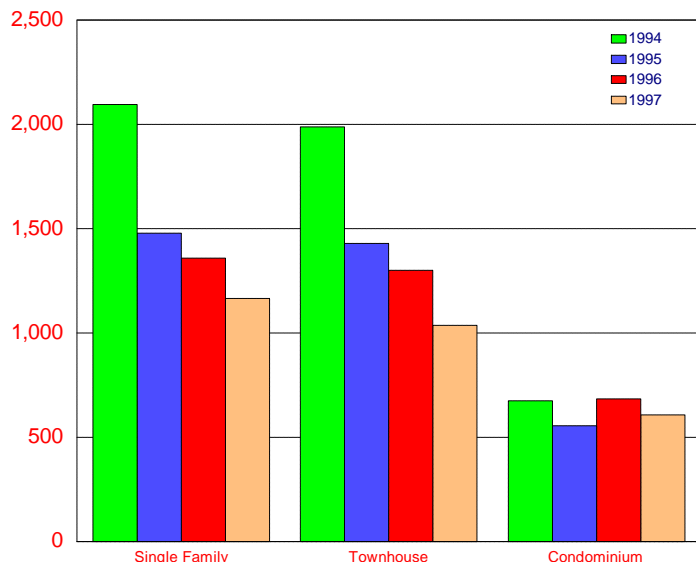
The volume of existing home sales in October outpaced that of one year ago by significant margins, thereby contributing to the year-to-date leads established in the prior months. Please note, however, that the leads relative to last year are beginning to narrow somewhat. To date, 6,230 existing single family homes have been sold, up 10.0 percent, or 565 homes, over the level registered in 1996. Sales of existing townhomes total 3,126 units to date, up 10.4 percent, or 294 units, over the same period in 1996. Additionally, 1,143 existing condominiums sold through October, resulting in a lead of 1.9 percent, or 21 homes, over last year.

**PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD
JANUARY - OCTOBER 1997 COMPARED TO 1996 ANNUAL**

	Existing Sales	New Sales
Single Family	2.9	3.8
Townhouse	1.7	2.2
Condominium	-0.8	1.3

Source: Department of Tax Administration
Compiled by the Office of Management and Budget

NUMBER OF NEW HOMES SOLD JANUARY - OCTOBER 1994 - 1997



Source: Department of Tax Administration
Compiled by the Fairfax County Office of Management and Budget

New home sales in the County in terms of volume, fall further behind last year...

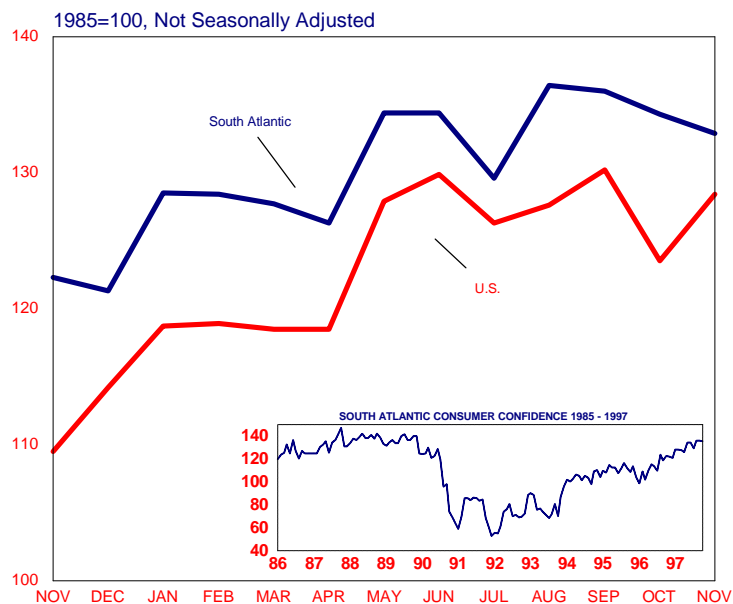
Consistent with previous months, sales of new homes in terms of volume worsened in October. Through October, 1,037 new townhomes have been sold, down 20.3 percent, or 264 units, from the same period in 1996. Similarly, sales of new single family homes total 1,168 through October and are down 14.2 percent, or 193 units, from 1996. To date, 607 new condominiums have been sold, down 11.4 percent, or 78 units, from last year.

New home sales are up nationwide through October...

Sales of new homes through October are up nationwide, according to the Commerce Department. More specifically, new home sales are up 16.9 percent in the Northeast, 7.2 percent in the South, and 4.4 percent in the West. New home sales in the Midwest through October are flat over the same period in 1996.

ADDITIONAL INDICATORS

CONSUMER CONFIDENCE INDICES



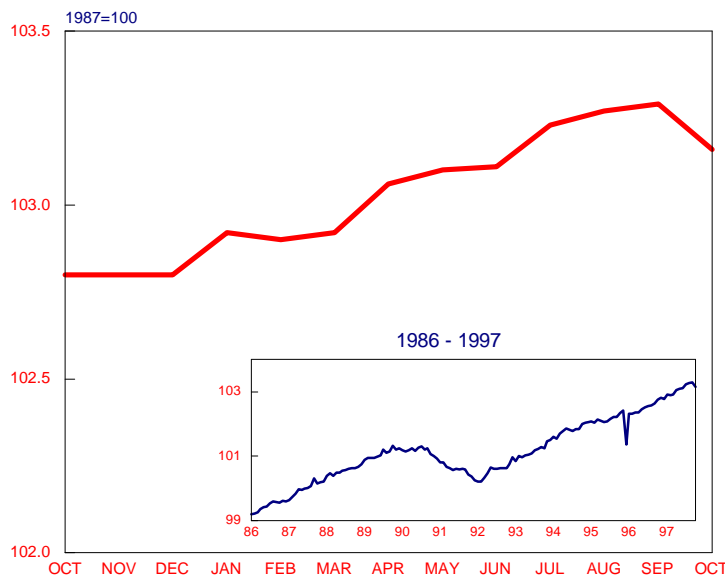
Source: Conference Board
Compiled by the Fairfax County Office of Management and Budget

Consumer confidence in the South Atlantic region slips again in November...

The Conference Board's South Atlantic Consumer Confidence Index slipped again in November, shaving off 1.4 points to 132.9. By contrast, the national Consumer Confidence Index increased to 128.4, a rise of 4.9 points from October. Please keep in mind that consumer confidence is often looked to as a signal of consumers' willingness to purchase retail goods, particularly large ticket items. The erratic pattern exhibited in the various confidence indices over the past several months has caused some uneasiness among retailers with respect to the holiday shopping season.

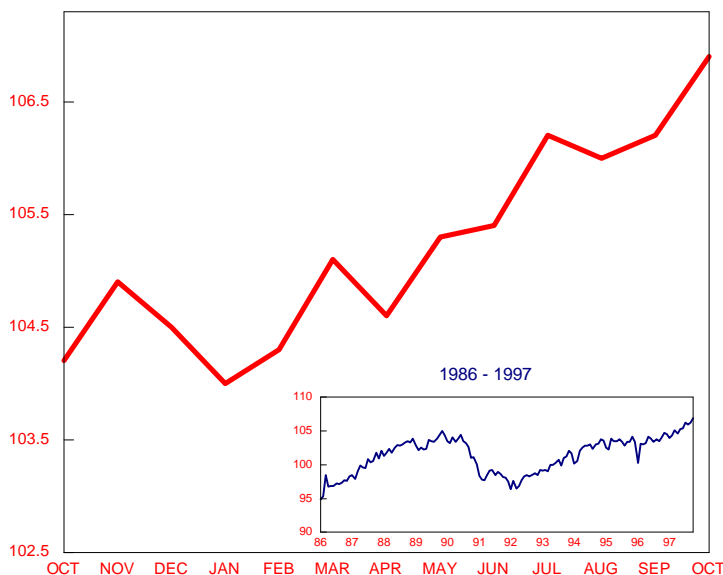
The following section includes a discussion of economic indices for three different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices are discussed first, followed by the Metropolitan Indices which consider the Washington Metropolitan economy, and the Virginia Indices which focus on the entire Commonwealth. Together, these indices are intended to provide a broad assessment of the economic climate confronting, and likely to impact, County residents and businesses.

FAIRFAX COUNTY COINCIDENT INDEX



Sources: Dr. Stephen Fuller
Fairfax County Office of Management and Budget

METROPOLITAN COINCIDENT INDEX



Source: Economic Reporter Online
Compiled by the Fairfax County Office of Management and Budget

The Fairfax County Coincident Index slips in October...

The Fairfax County Coincident Index, which represents the current state of the County's economy, slipped a slight 0.13 points in October, falling to 103.16. Two of the Index's four components drove this decline. Transient Occupancy Tax collections declined substantially below its seasonal norm and consumer confidence in the South Atlantic was down for the third time in four months. By contrast, total covered employment posted its fourth consecutive increase as did the County's Sales Tax receipts.



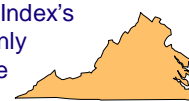
The Metropolitan Coincident Index inched forward in October...

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, inched forward 0.7 points in October to 106.9. This was the Index's fifth advance in the past six months. The Index's performance in October was its strongest since June. Three of the Index's four components made positive contributions in October. More specifically, domestic airport passenger volume increased sharply for the second consecutive month, wage and salary employment posted a strong advance, and nondurable goods retail sales registered a gain for the third time in four months. By contrast, consumer confidence in the South Atlantic slipped for the second consecutive month in October.

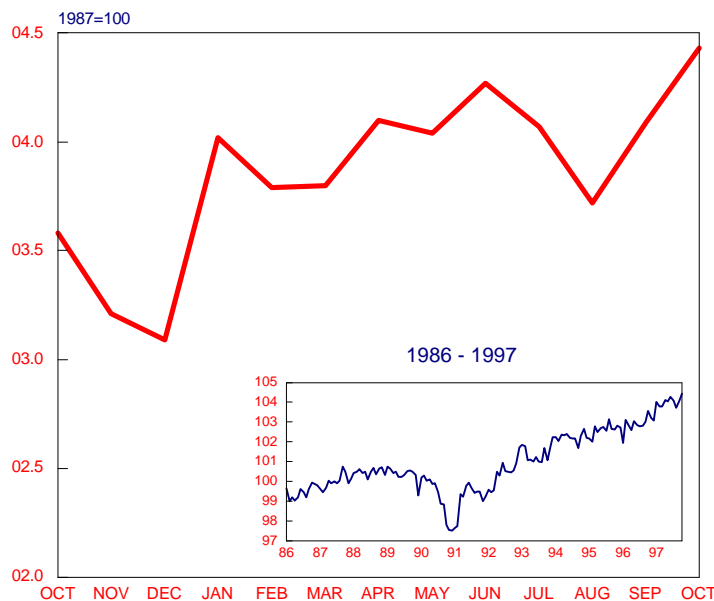


The economic climate in the Commonwealth appears healthy...

Crestar Bank's Virginia Coincident Index advanced 0.7 points in October to 149.0, marking its sixth consecutive gain. Over the past 12 months, the Index has gained 3.3 percent. Five of the Index's six components were positive in October. Only manufacturing employment made a negative contribution.

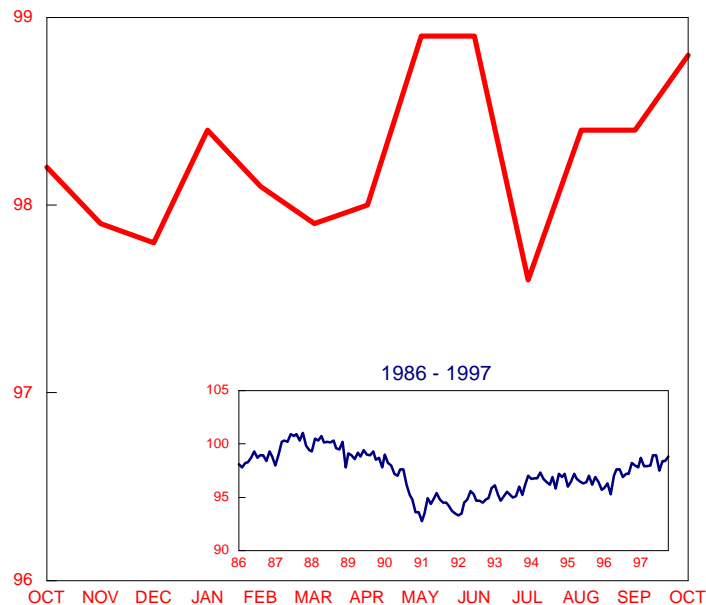


FAIRFAX COUNTY LEADING INDEX



Sources: Dr. Stephen Fuller
Fairfax County Office of Management and Budget

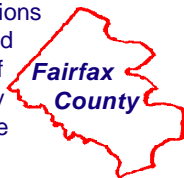
METROPOLITAN LEADING INDEX



Source: Economic Reporter Online
Compiled by the Fairfax County Office of Management and Budget

The County's Leading Index gained in October...

The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in the future, gained 0.34 points in October, increasing to 104.43, thereby offsetting the summer decline. The Index now stands at its highest post-recession level, signaling further economic growth for the County in the near term. It should be noted, however, that the recent moderation in the Index suggests that this growth will be moderate. In October, three of the Index's five components contributed to its gain. Consumer expectations (consumer confidence six months hence) increased for the third consecutive month; the number of residential building permits issued by the County registered a strong advance; and, new automobile registrations gained sharply after losing ground in August and September. Meanwhile, the average value of residential building permits issued by the County and initial claims for unemployment insurance contributed negatively in October.



Indicators point to continued economic growth for the metropolitan area economy through mid-1998...

In October, the Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington metropolitan area 9 to 12 months in advance, posted a gain of 0.4 points, increasing to 98.8. Despite the Index's general trend upward, it has only gained one percentage point all year. Several monthly increases were dampened by a significant decline in July due to a revision in unemployment benefit levels. Discounting July's decline, the Index signals strong economic performance for the Washington Area economy through mid-1998. In October, only consumer expectations (consumer confidence six months hence) was negative.



Virginia's Leading Index also points to continued expansion in the first half of 1998...

The Virginia Leading Index, produced by Crestar Bank, registered its second consecutive gain in October, advancing 0.2 points to 163.2. The Index points to continued economic growth in the Commonwealth through the second quarter of 1998. During the past 12 months, the Index has risen 4.6 percentage points. October's increase was driven by four of the Index's nine components.



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